

together gave a nominal value to the former corresponding to the reduced standard. The purchasing power of a given weight of gold remained the same under either method of bookkeeping, but the gold was intended to become under the new system a money of actual circulation instead of a bullion reserve expressed in a standard above the real one.

The importation of gold followed quickly on the establishment of the standard and was promoted by the policy of the bank, which raised the discount rate and made advances to facilitate arbitrage transactions when exchange seemed to be unfavorable. The receipts of gold by the bank from April nth to October 10, 1892, were 38,759,000-florins (\$19,000,000), of which a large part was in pieces of American origin. Receipts from India became heavy in November and raised the total receipts from August nth, the date of the promulgation of the new laws, to December 31, 1892, to 39,447,000 florins. The state also availed itself of foreign bills in its possession to accumulate gold and at the close of 1892 had about 40,000,000 florins in the hands of the Austrian ministry and 50,000,000 florins in the hands of the Hungarian ministry. A new project was adopted in 1894 for retiring the government paper money and substituting bank-notes and subsidiary silver. An arrangement was made with the Austro-Hungarian Bank to sell 40,000,-ooo florins in silver for coinage into pieces of one crown and to issue 160,000,000 florins in bank-notes as the government notes were received and cancelled. The Treasury agreed to pay over to the bank 200,000,000 florins in gold (\$100,000,-ooo), which was to be used only as the coin guarantee of the new notes, florin for florin. The first notes retired were those of one and five florins and considerable opposition developed among the people at surrendering the convenient paper notes for the more cumbersome silver. An economist of note, Max Wirth, urged that the retirement of paper should begin with notes of 50 florins (\$25) instead of the small notes, but the government adhered to its original plan.¹

¹ Raffalovich, Marcht Financier en 1893-4, 113.